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13

14 **UNITED STATES BANKRUPTCY COURT**
15 **NORTHERN DISTRICT OF CALIFORNIA**
16 **SAN FRANCISCO DIVISION**

| | | |
|---|---|---------------------------------|
| 17 In re: |) | Case No. 11-31376-DM |
| |) | |
| 18 HOWREY LLP, |) | Chapter 11 |
| |) | |
| 19 A District of Columbia Limited Liability |) | Date: June 8, 2011 |
| Partnership, |) | Time: 9:30 a.m. |
| |) | Dept: U.S. Bankruptcy Court |
| 20 Debtor(s). |) | 235 Pine Street, 22nd Floor |
| |) | San Francisco, CA |
| 21 1299 Pennsylvania Avenue |) | Judge: Honorable Dennis Montali |
| 22 Washington D.C., 20004 |) | |
| |) | |
| 23 Employer's Tax I.D. No: 53-0231650 |) | |

24 **EXHIBIT "B" TO**
25 **MOTION OF DEBTOR FOR ORDER: (A) AUTHORIZING USE OF CASH**
26 **COLLATERAL ON AN INTERIM AND FINAL BASIS; (B) GRANTING ADEQUATE PROTECTION AND**
RELATED RELIEF; AND (C) SCHEDULING FINAL HEARING ON USE OF CASH COLLATERAL
27
28

Howrey LLP
Cash Collateral Budget

| (\$000s) | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 | 11 | 12 | 12-Weeks Ending |
|---|-----------------------------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|--------------------|
| | Twelve Week Cash Flow Projections | | | | | | | | | | | | 8/26/11 |
| | 6/10/11 | 6/17/11 | 6/24/11 | 7/1/11 | 7/8/11 | 7/15/11 | 7/22/11 | 7/29/11 | 8/5/11 | 8/12/11 | 8/19/11 | 8/26/11 | |
| I. Cash Receipts | \$ 1,547 | \$ 1,097 | \$ 1,172 | \$ 1,097 | \$ 2,322 | \$ 2,322 | \$ 2,322 | \$ 3,397 | \$ 1,877 | \$ 1,877 | \$ 1,877 | \$ 1,877 | \$ 22,786 |
| II. Operating Disbursements | | | | | | | | | | | | | |
| A. Compensation & Benefits [1] | 305 | 667 | 141 | 383 | 127 | 309 | 105 | 269 | 88 | 15 | 286 | 0 | 2,695 |
| B. Operating Costs [2] | 165 | 15 | 135 | 812 | 15 | 16 | 135 | 1,161 | 40 | 15 | 16 | 155 | 2,679 |
| C. Direct Litigation Expenses | 200 | 63 | 25 | 38 | - | 13 | - | - | 13 | - | 13 | - | 363 |
| III. Total Operating Disbursements | 670 | 744 | 301 | 1,232 | 142 | 337 | 240 | 1,430 | 141 | 30 | 314 | 155 | 5,737 |
| IV. Restructuring Expenses | | | | | | | | | | | | | |
| A. Debtors' Professionals | - | - | - | - | - | - | - | 580 | - | - | - | 460 | 1,040 |
| B. Creditors' Professionals | - | - | - | - | - | - | - | 120 | - | - | - | 160 | 280 |
| C. Secured Lender Professionals | - | - | - | - | 200 | - | - | - | 150 | - | - | - | 350 |
| D. Noticing Agent / US Trustee Fees | - | - | - | - | 25 | - | - | - | 25 | - | - | - | 50 |
| E. Contract Cure/Critical Vendor/Deposit | - | 120 | - | - | - | - | - | - | - | - | - | - | 120 |
| F. Retention Bonus | - | - | - | 29 | - | 50 | - | 54 | - | - | 35 | - | 168 |
| | - | 120 | - | 29 | 225 | 50 | - | 754 | 175 | - | 35 | 620 | 2,008 |
| V. Net Cash Flow Before Principal Payments | 878 | 233 | 872 | (164) | 1,954 | 1,934 | 2,081 | 1,213 | 1,561 | 1,848 | 1,528 | 1,102 | 15,041 |
| VI. Paydown of Secured Debt | - | - | - | 1,386 | - | - | - | 7,183 | - | - | - | 2,539 | 11,108 |
| VII. Net Change in Cash Flow | 878 | 233 | 872 | (1,550) | 1,954 | 1,934 | 2,081 | (5,970) | 1,561 | 1,848 | 1,528 | (1,437) | 3,933 |
| VIII. Cash Position (Domestic Book) | | | | | | | | | | | | | |
| A. Beginning Cash Balance | \$ 3,567 | \$ 4,445 | \$ 4,678 | \$ 5,550 | \$ 4,000 | \$ 5,954 | \$ 7,889 | \$ 9,970 | \$ 4,000 | \$ 5,561 | \$ 7,409 | \$ 8,937 | \$ 3,567 |
| B. Net Change in Cash Flow | 878 | 233 | 872 | (1,550) | 1,954 | 1,934 | 2,081 | (5,970) | 1,561 | 1,848 | 1,528 | (1,437) | 3,933 |
| C. Ending Cash Balance | <u>\$ 4,445</u> | <u>\$ 4,678</u> | <u>\$ 5,550</u> | <u>\$ 4,000</u> | <u>\$ 5,954</u> | <u>\$ 7,889</u> | <u>\$ 9,970</u> | <u>\$ 4,000</u> | <u>\$ 5,561</u> | <u>\$ 7,409</u> | <u>\$ 8,937</u> | <u>\$ 7,500</u> | <u>\$ 7,500</u> |

[1] Includes compensation projected to be paid to members of the Dissolution Committee of approximately \$141K in June, \$232K in July and \$174K in August.

[2] Includes approximately \$325K for EPLI insurance in the week ending 7/1/11 and \$686K for malpractice insurance in the week ending 7/29/11.